

Company Registration No. 02466472 (England and Wales)

Volmary Limited

**Annual report and financial statements
for the year ended 31 December 2017**

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Volmary Limited

Company information

Directors	Wayne Eady Christopher Finlay Frank Hudepohl James Banton
Company number	02466472
Registered office	Station Road Wisbech St Mary Wisbech Cambridgeshire PE13 4RY
Independent auditor	Saffery Champness LLP Suite C, Unex House Bourges Boulevard Peterborough Cambridgeshire PE1 1NG
Bankers	Santander UK plc 1-4 Long Causeway Peterborough Cambridgeshire PE1 1YD

Volmary Limited

Contents

	Page
Strategic report	1 - 2
Directors' report	3 - 4
Independent auditor's report	5 - 7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12 - 32

The directors present the strategic report for the year ended 31 December 2017.

Review of the business

It was another challenging year for the garden plant market. Despite tough trading conditions and downward price pressures, sales grew by 16%. The business was negatively impacted by increased costs following the Brexit vote and the subsequent effect on exchange rates, in particular Euro/Sterling. A large proportion of input costs are exposed to the Euro rate which it proved difficult to pass onto customers with prices published for 2017 before the impact could be appreciated.

Integration of IT and process systems with the Company's parent company, Volmary GmbH, were completed during 2017 and the benefits of this were shown in the increased sales performance.

Despite the challenging trading conditions, the Company continues to invest in capital projects which support additional growth and provide acceptable paybacks in production, distribution and ITC functions, including improvements in reducing our environmental impact. The group is supportive of continued investments for the long term and recent investments have resulted in a positive start to 2018.

The key business risks and uncertainties associated with the Company relate to weather over the key spring sales season between February and May. Long periods of poor weather can significantly impact the total sales activity for the season. To help mitigate the impact, management review production on a weekly basis to match as closely as possible to the forward order book taking account of existing stocks. The biggest risk occurs at the end of the season when there is less opportunity to adjust production if demand is suddenly depressed due to adverse market conditions and the speculative production isn't utilised.

The Company's operations expose it to degrees of financial risk that include credit risk, liquidity risk, exchange rate and interest rate risk.

Credit risk

The company mainly trades with long standing customers. The nature of these relationships assists management in controlling its credit risk in addition to the normal credit management process. In order to minimise risk the Company insures its debtors.

Liquidity risk

The director's control and monitor the company's cash flow on a weekly basis.

Exchange rate risk

The company buys a significant proportion of its key inputs in Euros. To help mitigate the risk management monitor exchange rates and undertake forward purchases as appropriate. In addition an increasing proportion of the company's sales are transacted in Euros which allow an element of self-hedging.

Interest rate risk

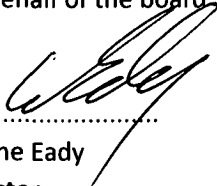
The company is exposed to interest rate fluctuations as the rate payable on its facilities are linked to the bank base rate. The directors carefully monitor cashflow to ensure that liabilities can be met as they fall due.

Given the straight forward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business.

Volmary Limited

Strategic report (continued)
For the year ended 31 December 2017

On behalf of the board



.....
Wayne Eady

Director

27 June 2018

Volmary Limited

Directors' report

For the year ended 31 December 2017

The directors present their report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company continued to be that of the production and distribution of young plants.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Wayne Eady
Christopher Finlay
Frank Hudepohl
James Banton

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

Saffery Champness LLP have expressed their willingness to continue in office.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

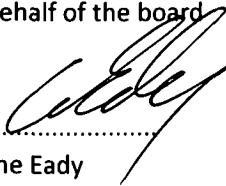
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The company meets its day-to-day working capital requirements through a £1.25m working capital facility. The current facility is due for renewal in December 2018 and is renewed on an annual basis. The company has considered its cashflow needs and expects the facility to be adequate to meet its requirements for the next 12 months. In addition to the working capital facility the company also has access to additional working capital funds from its parent company in order to allow it to meet its future growth plans and any opportunities that arise. The company's forecasts and projections, taking into account future changes in trading performance, show the company should be able to operate within the levels of its current facilities. The directors have a reasonable expectation that the company has adequate resources to continue operations for the foreseeable future. Thus they continue to adopt the going concern basis of accounting when preparing the accounts.

On behalf of the board



Wayne Eady

Director

Date: 27 June 2018

Volmary Limited

Independent auditor's report To the members of Volmary Limited

Opinion

We have audited the financial statements of Volmary Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Volmary Limited

Independent auditor's report (continued) To the members of Volmary Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

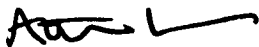
Volmary Limited

**Independent auditor's report (continued)
To the members of Volmary Limited**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



**Alistair Hunt (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP**

27 June 2018

**Chartered Accountants
Statutory Auditors**

Suite C, Unex House
Bourges Boulevard
Peterborough
Cambridgeshire
PE1 1NG

Volmary Limited

**Statement of total comprehensive income
For the year ended 31 December 2017**

	Notes	2017 £	2016 £
Turnover	3	6,939,228	5,970,048
Cost of sales		(5,948,221)	(4,917,627)
Gross profit		<u>991,007</u>	<u>1,052,421</u>
Distribution costs		(383,277)	(330,768)
Administrative expenses		(1,086,910)	(1,147,639)
Other operating income		102,864	179,219
Earnings before interest, tax, depreciation and amortisation	14,428	<u>157,782</u>	
Depreciation, amortisation, impairment and loss on disposal of fixed assets	(390,744)	<u>(404,549)</u>	
Operating loss	4	(376,316)	(246,767)
Interest receivable and similar income	7	269	2,406
Interest payable and similar expenses	8	(114,398)	(119,491)
Other gains and losses	9	-	1,885,688
(Loss)/profit before taxation		<u>(490,445)</u>	<u>1,521,836</u>
Taxation	10	31	(72,747)
(Loss)/profit for the financial year		<u>(490,414)</u>	<u>1,449,089</u>
Total comprehensive income for the year		<u><u>(490,414)</u></u>	<u><u>1,449,089</u></u>


The Income Statement has been prepared on the basis that all operations are continuing operations.

Volmary Limited

**Statement of financial position
As at 31 December 2017**

	Notes	£	2017 £	£	2016 £
Fixed assets					
Intangible assets	11		1,293		2,222
Tangible assets	12		3,873,521		3,856,871
			<u>3,874,814</u>		<u>3,859,093</u>
Current assets					
Stocks	14	1,194,373		1,314,508	
Debtors	15	918,533		909,552	
Cash at bank and in hand		119,728		276,124	
			<u>2,232,634</u>	<u>2,500,184</u>	
Creditors: amounts falling due within one year	16	(2,134,533)		(1,786,527)	
Net current assets			<u>98,101</u>		<u>713,657</u>
Total assets less current liabilities			<u>3,972,915</u>		<u>4,572,750</u>
Creditors: amounts falling due after more than one year	17		(2,953,545)		(3,062,966)
Net assets			<u>1,019,370</u>		<u>1,509,784</u>
Capital and reserves					
Called up share capital	23		100,000		100,000
Share premium account			55,137		55,137
Other reserves			565,130		565,130
Profit and loss reserves			299,103		789,517
Total equity			<u>1,019,370</u>		<u>1,509,784</u>

The financial statements were approved by the board of directors and authorised for issue on 27 Jun 2018 and are signed on its behalf by:



 Wayne Eady
 Director

Company Registration No. 02466472

Volmary Limited

**Statement of changes in equity
For the year ended 31 December 2017**

	Share capital	Share premium account	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 January 2016	100,000	55,137	565,130	(659,572)	60,695
Year ended 31 December 2016:					
Profit and total comprehensive income for the year	-	-	-	1,449,089	1,449,089
Balance at 31 December 2016	100,000	55,137	565,130	789,517	1,509,784
Year ended 31 December 2017:					
Loss and total comprehensive income for the year	-	-	-	(490,414)	(490,414)
Balance at 31 December 2017	100,000	55,137	565,130	299,103	1,019,370

Other reserves

**Reserves provided for by the Articles of
Association**

Balance at 31 December 2017 & 31 December 2016

565,130

Volmary Limited

Statement of cash flows
For the year ended 31 December 2017

	Notes	£	2017 £	£	2016 £
Cash flows from operating activities					
Cash generated from operations	28		566,205		351,191
Interest paid			(114,398)		(119,491)
Income taxes refunded/(paid)			87,784		-
Net cash inflow from operating activities			<u>539,591</u>		<u>231,700</u>
Investing activities					
Purchase of intangible assets		(250)		(220)	
Purchase of tangible fixed assets		(411,957)		(314,216)	
Proceeds on disposal of tangible fixed assets		7,500		6,545	
Interest received		269		2,406	
Net cash used in investing activities			<u>(404,438)</u>		<u>(305,485)</u>
Financing activities					
Repayment of other borrowings		(15,000)		(8,000)	
Proceeds of new bank loans		-		400,000	
Repayment of bank loans		(166,667)		(166,667)	
Payment of finance leases obligations		(109,500)		(136,509)	
Net cash (used in)/generated from financing activities			<u>(291,167)</u>		<u>88,824</u>
Net (decrease)/increase in cash and cash equivalents			<u>(156,014)</u>		<u>15,039</u>
Cash and cash equivalents at beginning of year			55,876		40,837
Cash and cash equivalents at end of year			<u>(100,138)</u>		<u>55,876</u>
Relating to:					
Cash at bank and in hand			119,728		276,124
Bank overdrafts included in creditors payable within one year			(219,866)		(220,248)

1 Accounting policies

Company information

Volmary Limited is a private company limited by shares incorporated in England and Wales. The registered office is Station Road, Wisbech St Mary, Wisbech, Cambridgeshire, PE13 4RY.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements. The directors have provided additional information regarding their going concern assessment in the directors' report.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover is recognised once the risks and rewards of stocks have been passed onto the customer.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date if the fair value can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Trademarks	33% on cost
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1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

1 Accounting policies (continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land & buildings	2.5% - 5% on cost
Assets under course of construction	Not depreciated
Plant and machinery	10% - 33% on cost
Green- houses	5% - 10% on cost
Motor vehicles	16.7% - 20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.8 Cash and cash equivalents

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.9 Financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

1 Accounting policies (continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

1.10 Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Other financial liabilities, including debt instruments that do not meet the definition of a basic financial instrument, are measured at fair value through profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.13 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1 Accounting policies (continued)

1.16 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.17 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Depreciation

The company accounts for depreciation in accordance with FRS 102. The depreciation expense is the recognition of the decline in the value of the asset and allocation of the cost of the asset over the periods in which the asset will be used. Judgments are made on the estimated useful life of the assets which are regularly reviewed to reflect the changing environment.

Stock

The company accounts for stocks in accordance with FRS 102. Judgments are made on the overheads attributed to the cost of production. Management believe that amounts apportioned are fair and reflective of the cost to produce finished produce. These judgements are reviewed regularly to reflect the changing environment.

The company also includes a provision for stock wastage. Management review the level and condition of stocks against the amount and timing of expected future sales to calculate an expected level of lost stock through wastage, which is provided for in the financial statements.

Bad debts

The company accounts for bad debts in accordance with FRS 102. Judgments are made on which balances within trade debtors require to be provided for. Management believe that provisions made are fair and reflective of their expectation of recoverability. These judgements are reviewed regularly to reflect the changing environment.

Deferred tax asset

The company has recognised a deferred tax asset in respect of unutilised losses carried forward for offset against future trading profits. Judgments are made on the expected future profits of the company and therefore the recoverability of this asset.

Notes to the financial statements (continued)
For the year ended 31 December 2017

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2017	2016
	£	£
Turnover analysed by class of business		
Sales of goods	6,939,228	5,970,048
	<u>6,939,228</u>	<u>5,970,048</u>
Other significant revenue		
Interest income	269	2,406
Grants received	15,923	15,000
	<u>16,192</u>	<u>17,406</u>
Turnover analysed by geographical market		
United Kingdom	6,300,719	5,708,951
Europe	638,509	261,097
	<u>6,939,228</u>	<u>5,970,048</u>

4 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Loss on foreign exchange	50,507	19,855
Government grants released	(15,923)	(15,000)
Fees payable to the company's auditors for the audit of the company's financial statements	11,450	11,000
Depreciation of owned tangible fixed assets	387,515	341,642
Depreciation of tangible fixed assets held under finance leases	2,050	60,499
Profit on disposal of tangible fixed assets	(1,758)	(987)
Amortisation of intangible assets	1,179	2,408
Cost of stocks recognised as an expense	3,763,493	2,693,680
Impairment of stocks recognised or reversed	(97,131)	70,660
Impairment of trade debtors recognised or reversed	(35,164)	8,375
	<u>3,763,493</u>	<u>2,693,680</u>

Notes to the financial statements (continued)
For the year ended 31 December 2017

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2017 Number	2016 Number
Production and distribution	80	83
Sales	8	9
Administration	7	6
	<u>95</u>	<u>98</u>

Their aggregate remuneration comprised:

	2017 £	2016 £
Wages and salaries	2,014,403	1,870,982
Social security costs	155,739	145,964
Pension costs	83,273	89,326
	<u>2,253,415</u>	<u>2,106,272</u>

Until March 2016 in the comparative period, directors were remunerated from Delamore Holdings Limited.

6 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	196,316	139,030
Company pension contributions to defined contribution schemes	69,805	75,053
	<u>266,121</u>	<u>214,083</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2016 - 3).

Volmary Limited

Notes to the financial statements (continued)
For the year ended 31 December 2017

7	Interest receivable and similar income	2017	2016
		£	£
	Interest income		
	Other interest income	269	2,406
		<u> </u>	<u> </u>
8	Interest payable and similar expenses	2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Interest on bank overdrafts and loans	78,490	78,956
	Interest on finance leases and hire purchase contracts	13,095	15,120
	Other interest on financial liabilities	22,813	25,390
		<u> </u>	<u> </u>
		114,398	119,466
	Other finance costs:		
	Other interest	-	25
		<u> </u>	<u> </u>
		114,398	119,491
		<u> </u>	<u> </u>
9	Other gains and losses	2017	2016
		£	£
	Amounts written back to financial liabilities	-	1,885,688
		<u> </u>	<u> </u>

On 25 April 2016 the company was released from the loan balance owed to Delamore Holdings Limited.

Notes to the financial statements (continued)
For the year ended 31 December 2017

10 Taxation

	2017	2016
	£	£
Current tax		
Adjustments in respect of prior periods	(31)	(87,753)
Deferred tax		
Origination and reversal of timing differences	-	160,500
Total tax (credit)/charge	(31)	72,747

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2017	2016
	£	£
(Loss)/profit before taxation	(490,445)	1,521,836
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	(94,411)	304,367
Tax effect of expenses that are not deductible in determining taxable profit	1,602	1,226
Tax effect of income not taxable in determining taxable profit	-	(377,138)
Unutilised tax losses carried forward	35,254	43,474
Change in unrecognised deferred tax assets	46,657	160,500
Effect of change in corporation tax rate	-	22,691
Depreciation on assets not qualifying for tax allowances	9,987	5,265
Research and development tax credit	-	(87,753)
Other tax adjustments	880	115
Taxation for the year	(31)	72,747

Notes to the financial statements (continued)
For the year ended 31 December 2017

11 Intangible fixed assets

	Trademarks £
Cost	
At 1 January 2017	4,630
Additions - separately acquired	250
	<hr/>
At 31 December 2017	4,880
	<hr/>
Amortisation and impairment	
At 1 January 2017	2,408
Amortisation charged for the year	1,179
	<hr/>
At 31 December 2017	3,587
	<hr/>
Carrying amount	
At 31 December 2017	1,293
	<hr/> <hr/>
At 31 December 2016	2,222
	<hr/> <hr/>

Notes to the financial statements (continued)
For the year ended 31 December 2017

12 Tangible fixed assets

	Freehold land & buildings	Assets under course of construction	Plant and machinery	Green- houses	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	1,077,628	6,837	3,451,091	2,947,831	185,940	7,669,327
Additions	-	303,279	73,900	27,278	7,500	411,957
Disposals	(20,841)	-	(12,750)	-	(55,706)	(89,297)
Transfers	305,616	(305,616)	-	-	-	-
At 31 December 2017	1,362,403	4,500	3,512,241	2,975,109	137,734	7,991,987
Depreciation						
At 1 January 2017	294,801	-	1,934,636	1,422,755	160,264	3,812,456
Depreciation charged in the year	56,668	-	172,518	153,162	7,217	389,565
Eliminated in respect of disposals	(20,841)	-	(12,750)	-	(49,964)	(83,555)
At 31 December 2017	330,628	-	2,094,404	1,575,917	117,517	4,118,466
Carrying amount						
At 31 December 2017	1,031,775	4,500	1,417,837	1,399,192	20,217	3,873,521
At 31 December 2016	782,828	6,837	1,516,454	1,525,077	25,675	3,856,871

The carrying value of land and buildings comprises:

	2017 £	2016 £
Freehold	200,823	200,823

Notes to the financial statements (continued)
For the year ended 31 December 2017

12 Tangible fixed assets (continued)

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017 £	2016 £
Plant and machinery	16,913	441,880
Motor vehicles	-	13,878
	<u>16,913</u>	<u>455,758</u>
Depreciation charge for the year in respect of leased assets	<u>2,050</u>	<u>60,499</u>

13 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>826,529</u>	<u>672,639</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>4,021,543</u>	<u>3,940,052</u>

14 Stocks

	2017 £	2016 £
Finished goods and goods for resale	<u>1,194,373</u>	<u>1,314,508</u>

Volmary Limited

**Notes to the financial statements (continued)
For the year ended 31 December 2017**

15 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	733,211	521,938
Corporation tax recoverable	-	87,753
Other debtors	93,318	201,616
Prepayments and accrued income	52,504	58,745
	<u>879,033</u>	<u>870,052</u>
Deferred tax asset (note 20)	-	4,275
	<u>879,033</u>	<u>874,327</u>
	<u><u>879,033</u></u>	<u><u>874,327</u></u>
	2017	2016
	£	£
Amounts falling due after more than one year:		
Deferred tax asset (note 20)	39,500	35,225
	<u>39,500</u>	<u>35,225</u>
	<u><u>39,500</u></u>	<u><u>35,225</u></u>
Total debtors	918,533	909,552
	<u><u>918,533</u></u>	<u><u>909,552</u></u>

Trade debtors disclosed above are measured at amortised cost.

16 Creditors: amounts falling due within one year

		2017	2016
	Notes	£	£
Bank loans and overdrafts	18	386,533	386,915
Obligations under finance leases	19	5,100	109,500
Other borrowings	18	27,000	15,000
Trade creditors		334,278	465,065
Trade balances with group entities		953,636	523,659
Other taxation and social security		94,149	31,941
Government grants	21	20,540	15,000
Accruals and deferred income		313,297	239,447
		<u>2,134,533</u>	<u>1,786,527</u>
		<u><u>2,134,533</u></u>	<u><u>1,786,527</u></u>

Notes to the financial statements (continued)
For the year ended 31 December 2017

17 Creditors: amounts falling due after more than one year

	Notes	2017 £	2016 £
Bank loans and overdrafts	18	1,999,999	2,166,666
Obligations under finance leases	19	1,700	6,800
Loans from group undertakings	18	750,000	750,000
Other borrowings	18	-	27,000
Government grants	21	201,846	112,500
		<u>2,953,545</u>	<u>3,062,966</u>

18 Loans and overdrafts

	2017 £	2016 £
Bank loans	2,166,666	2,333,333
Bank overdrafts	219,866	220,248
Loans from group undertakings	750,000	750,000
Other loans	27,000	42,000
	<u>3,163,532</u>	<u>3,345,581</u>
Payable within one year	413,533	401,915
Payable after one year	<u>2,749,999</u>	<u>2,943,666</u>

The company's bank facilities are secured by means of a fixed and floating charge over the assets of the company and a first legal charge over the company's freehold property.

The bank loan is repayable over 6 years in instalments of £41,667 per quarter from March 2016. The interest rate in respect of this loan facility is held at 1.75% above LIBOR.

Loans from group undertakings is a loan of £750,000 from the company's ultimate parent company which carries an interest rate of 3% over EURIBOR. The loan is repayable in instalments of £20k per quarter from 31 March 2019 with the balance due on 31 December 2022. The lender has a debenture over the company's assets ranking after the first legal charge held by the company's bankers.

Other loans includes an LEP loan for £27,000. The LEP loan carries interest at fixed rate of 1.46% per annum and is repayable in March 2018. Interest is repayable with the capital elements. Interest accrues from 1 January 2014.

Notes to the financial statements (continued)
For the year ended 31 December 2017

19 Finance lease obligations

	2017	2016
	£	£
Future minimum lease payments due under finance leases:		
Within one year	5,100	109,500
In two to five years	1,700	6,800
	<u>6,800</u>	<u>116,300</u>

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2017	Assets 2016
	£	£
Balances:		
Tax losses	<u>39,500</u>	<u>39,500</u>

There were no deferred tax movements in the year.

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so.

Deferred tax is not recognised in respect of tax losses of £1,621,859 as there is not sufficient certainty that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Notes to the financial statements (continued)
For the year ended 31 December 2017

21 Government grants

Deferred income is included in the financial statements as follows:

	2017	2016
	£	£
Current liabilities	20,540	15,000
Non-current liabilities	201,846	112,500
	<u>222,386</u>	<u>127,500</u>

The deferred income shown in the balance sheet relates to two government grants received by the company.

The first grant was received to help fund the construction of the Fenland School of Horticulture which is based at Volmary Ltd's Station Road site and is operated by the company for training horticultural staff and local school children. This grant is being released to the income statement over a period of 10 years.

The second grant, received in the year, is in relation to the building of the new reservoir on the existing premises. This grant is being released to the income statement over a period of 20 years.

22 Retirement benefit schemes

	2017	2016
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	83,273	89,326
	<u>83,273</u>	<u>89,326</u>

The company operates defined contribution pension schemes for all qualifying employees. The assets of the schemes are held separately from those of the company in independently administered funds.

Volmary Limited

Notes to the financial statements (continued)
For the year ended 31 December 2017

23 Share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
90,000 Ordinary 'A' shares of 50p each	45,000	45,000
110,000 Ordinary shares of 50p each	55,000	55,000
	<u>100,000</u>	<u>100,000</u>

The rights attaching to the respective classes of shares can be found in the company's articles of association. All share capital is owned by Volmary GmbH at the balance sheet date, therefore the respective rights of the shares do not affect where income or capital is distributed.

24 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	29,964	26,505
Between two and five years	27,209	22,495
	<u>57,173</u>	<u>49,000</u>

25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2017	2016
	£	£
Acquisition of tangible fixed assets	-	166,213

Notes to the financial statements (continued)
For the year ended 31 December 2017

26 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is as follows.

	2017	2016
	£	£
Aggregate compensation	319,621	266,415

Transactions with related parties

	Sale of goods		Purchase of goods	
	2017	2016	2017	2016
	£	£	£	£
Entities with control, joint control or significant influence over the company	658,181	351,149	1,639,219	812,396
Entities under common control	-	-	646,671	404,518

	Release of loan liability	
	2017	2016
	£	£
Entities with control, joint control or significant influence over the company	-	1,885,688

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed to related parties		
Entities with control, joint control or significant influence over the company	1,672,463	1,249,662
Entities under common control	31,173	23,997

Included in the above, the company has a £750,000 loan from Volmary GmbH which is secured by a fixed charge on the land and buildings which is fully subordinated to the bank.

Volmary Limited

Notes to the financial statements (continued) For the year ended 31 December 2017

26 Related party transactions (continued)

The following amounts were outstanding at the reporting end date:

	2017	2016
	£	£
Amounts owed by related parties		
Entities with control, joint control or significant influence over the company	517	28,942
	<u>517</u>	<u>28,942</u>

27 Controlling party

The ultimate parent company is Volmary GmbH, a company registered in Germany. The results and financial position of Volmary Limited are consolidated into the group accounts of Volmary GmbH, copies of which can be obtained from the registered office at Kaldenhofer Weg 70, Postfach 2721, 48155 Munster, Germany.

The ultimate controlling party is Hubertus Volmary.

28 Cash generated from operations

	2017	2016
	£	£
(Loss)/profit for the year after tax	(490,414)	1,449,089
Adjustments for:		
Taxation (credited)/charged	(31)	72,747
Finance costs	114,398	119,491
Investment income	(269)	(2,406)
Gain on disposal of tangible fixed assets	(1,758)	(987)
Amortisation and impairment of intangible assets	1,179	2,408
Depreciation and impairment of tangible fixed assets	389,565	402,141
Other gains	-	(1,885,688)
Movements in working capital:		
Decrease/(increase) in stocks	120,135	(274,555)
Increase in debtors	(96,734)	(54,337)
Increase in creditors	435,248	538,288
Increase/(decrease) in deferred income	94,886	(15,000)
Cash generated from operations	<u>566,205</u>	<u>351,191</u>